

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

**FILED**

6-23-14

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Quasi-legislative

## TO PARTIES OF RECORD IN RULEMAKING 13-02-008:

This is the proposed decision of Commissioner Carla J. Peterman. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's August 14, 2014 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ DOROTHY DUDA for  
Timothy J. Sullivan,  
Chief Administrative Law Judge (Acting)

TJS/ek4

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER PETERMAN**  
(Mailed on 6/23/14)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Adopt  
Biomethane Standards and Requirements,  
Pipeline Open Access Rules, and Related  
Enforcement Provisions.

Rulemaking 13-02-008  
(Filed February 13, 2013)

**DECISION DENYING THE GREEN POWER INSTITUTE'S PETITION FOR  
MODIFICATION OF DECISION 14-01-034****1. Summary**

The Green Power Institute filed a petition for modification of Decision 14-01-034. Today's decision denies the proposed modifications to that decision.

**2. Background**

On February 11, 2014, the Green Power Institute (GPI) filed its petition for modification of Decision (D.) 14-01-034 (Petition). GPI's Petition requests that corrections be made to the description of GPI's position in D.14-01-034.

No responses to GPI's Petition were filed.

**3. Discussion**

GPI's Petition states that it proposes no substantive changes to D.14-01-034, and instead is seeking to make "technical corrections to the description in the Decision of the GPI's position on one particular issue."

(Petition at 1.) GPI requests that two modifications be made to D.14-01-034 that relate to safety equipment installation.

The first modification that GPI seeks is to the following paragraph which appears at page 39 of D.14-01-034:

GPI also questions the utilities' recommendation to install various probes and corrosion coupons in the gas pipeline. Although GPI acknowledges the benefits of such safety equipment, GPI believes that this is not the time to require such instruments because it may hinder the development of the biomethane industry.

GPI requests that the above paragraph, which appears at page 39 of D.14-01-034, be replaced with the following:

GPI endorses the utilities' recommendation to install various probes and corrosion coupons in the gas pipeline. Although GPI acknowledges the benefits of such safety equipment, GPI believes that it is not fair to attribute the cost of this equipment, which is needed in any case, to the injection of biomethane, because doing so would hinder the development of the biomethane industry.

The second modification that GPI seeks is to the following paragraph which appears at page 111 of D.14-01-034:

GPI notes that concurrent with the injection of biomethane into the pipelines, the utilities are proposing to add upgrades to the pipeline system, such as installing various probes and corrosion coupons. GPI questions whether such upgrades are needed [at this time], and believes it would be counterproductive to tie the system upgrades to the AB [Assembly Bill] 1900 testing requirements.<sup>1</sup>

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<sup>1</sup> GPI's Petition misquoted this paragraph from D.14-01-034 by failing to include the words "at this time." (See D.14-01-034 at 111.) As noted later in this decision, the "at

*Footnote continued on next page*

GPI requests that the above paragraph, which appears at page 111 of D.14-01-034, be replaced with the following:

GPI notes that concurrent with the injection of biomethane into the pipelines, the utilities are proposing to add upgrades to the pipeline system, such as installing various probes and corrosion coupons. GPI does not question whether such upgrades are needed, but believes it would be counterproductive to tie the system upgrades to the AB 1900 testing requirements, since the upgrades are needed regardless of whether biomethane is injected into the pipeline system.

GPI requests these modifications because it believes that D.14-01-034 has “muddled” its position on the installation of safety equipment, “to the point that the Decision makes it sound like we oppose the use of this safety equipment.” (Petition, at 2.) Specifically, GPI takes issue with the following phrases that appear in D.14-01-034: “GPI believes that this is not the time to require such instruments” (D.14-01-034, at 39); and “GPI questions whether such upgrades are needed at this time” (D.14-01-034, at 111). GPI contends:

These two sentences completely misrepresent our position on this issue. In fact, we certainly **do** believe that the existing pipeline system needs these safety upgrades, and that they are needed **now**. We do **not** believe that they should be charged to the biomethane producers. (Petition, at 2, original emphasis.)

In support of its proposed modifications to D.14-01-034, GPI references its August 5, 2013 rebuttal testimony, and its September 4, 2013 brief, and states that it had argued “that we thought the utilities were, in effect, trying to piggy-back

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this time” phrase was added as a result of GPI’s comments on the Proposed Decision, which led to the adoption of D.14-01-034.

on the biomethane-injection bandwagon in order to try to gain funding for safety equipment that was desirable whether or not biomethane was injected into the common-carrier pipeline system.” (Petition, at 1.) GPI further states that its rebuttal testimony and brief “was not in any way to oppose the installation of the safety equipment, but rather to try to prevent having the cost of the safety equipment be attributed to biomethane suppliers.” (Petition at 1.)

We note that the “technical corrections” that GPI requests in its Petition, are almost the same arguments and revisions that GPI requested be made to the December 12, 2013 Proposed Decision, which was subsequently adopted as D.14-01-034. (*See* GPI’s January 2, 2014 Comments on the Proposed Decision at 3-4.) As a result of GPI’s January 2, 2014 comments, we made a change to the second phrase that GPI requested be changed. (*See* D.14-01-034 at 111.) We also stated in D.14-01-034 that comments on the Proposed Decision were filed by various parties, and that those “comments have been reviewed and considered, and appropriate changes have been incorporated into the decision.” (D.14-01-034 at 139.)

GPI’s Petition now seeks for us to revisit the same changes that GPI previously requested in its comments on the Proposed Decision.

We have again reviewed GPI’s arguments as to why it requests the language changes in its Petition, and compared GPI’s proposed changes to what was made in D.14-01-034 as a result of GPI’s comments. We have also reviewed GPI’s July 8, 2013 supplemental testimony, and its August 5, 2013 rebuttal testimony, which were admitted into evidence as Exhibits 13 and 14, respectively.

Contrary to GPI’s contentions in its Petition, the two paragraphs that GPI requests be modified in D.14-01-034 have not “muddled” GPI’s position, or make

it sound like GPI opposes the use of this safety equipment. As GPI itself acknowledges in its Petition at 1, and in its September 4, 2013 brief, GPI stated the following:

We do not question whether the system would benefit from the installation of this safety equipment. We do question whether the equipment is needed solely or specifically because of the impending injection of biomethane, or whether the equipment is, in fact, needed in any case, and the implementation of AB 1900 presents a promising opportunity for the gas utilities to try to get it. As real world experience has so starkly demonstrated, California's natural-gas pipeline infrastructure is in serious need of upgrading. This notwithstanding, we believe it is counterproductive to tie system upgrades that are not needed in order to accommodate biomethane injection, but rather are simply needed with or without biomethane injection, to the implementation of AB 1900, in the process hindering the development of this desirable industry." (Petition at 1-2, emphasis added.)

When GPI's contentions, as set forth in its testimony and brief, are read in the context of the two paragraphs in D.14-01-034 that GPI wants modified, and the change that we already made in the Proposed Decision which led to the adoption of D.14-01-034, there is no further need to modify D.14-01-034 in the manner that GPI requests.

Accordingly, GPI's Petition to modify the two paragraphs that appear in D.14-01-034 is denied.

This proceeding remains open to consider the cost issues associated with the actions adopted D.14-01-034.

#### **4. Comments on Proposed Decision**

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure.

Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

**5. Assignment of Proceeding**

Carla J. Peterman is the assigned Commissioner and John S. Wong is the assigned Administrative Law Judge in this proceeding.

**Findings of Fact**

1. GPI filed its Petition on February 11, 2014.
2. No one filed a response to GPI's Petition.
3. GPI requests that the two modifications be made because it believes D.14-01-034 has "muddled" its position on the installation of safety equipment.
4. GPI's Petition raises almost the same arguments and revisions that it sought when it filed its January 2, 2014 Comments on the Proposed Decision.
5. GPI's comments regarding its proposed changes to the Proposed Decision were previously reviewed and considered in the process that led to the adoption of D.14-01-034, and a language change was made to the second phrase that GPI requested be changed.
6. GPI's Petition now seeks for us to revisit the same changes that GPI previously requested in its comments on the Proposed Decision.
7. GPI's arguments and proposed changes have been reviewed and compared to what was made in D.14-01-034 as a result of GPI's comments on the Proposed Decision, and to GPI's testimony.
8. The two paragraphs that GPI requests be modified in D.14-01-034 have not "muddled" GPI's position, or make it sound like GPI opposes the use of this safety equipment.
9. GPI acknowledges in its Petition, and in its September 4, 2013 brief, that it questions whether the safety equipment "is needed solely or specifically because

of the impending injection of biomethane, or whether the equipment is, in fact, needed in any case, and the implementation of AB 1900 presents a promising opportunity for the gas utilities to try to get it.”

**Conclusions of Law**

1. When GPI’s contentions are read in the context of the two paragraphs in D.14-01-034 that GPI wants modified, and the change that was previously made in response to GPI’s comment on the Proposed Decision, there is no further need to modify D.14-01-034 in the manner that GPI requests.

2. GPI’s Petition to modify D.14-01-034 should be denied.

**O R D E R**

**IT IS ORDERED** that:

1. The February 11, 2014 “Petition of the Green Power Institute for Modification of Decision 14-01-034” is denied.

2. This proceeding remains open.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.